

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 793 - HB 1450

March 30, 2023

SUMMARY OF BILL: Increases the maximum period of exemption from real property taxes to which a charitable organization is entitled for certain properties, upon adoption of a resolution by two-thirds vote of the county legislative body.

FISCAL IMPACT:

Other Fiscal Impact – The extent and timing of any permissive decrease to local property tax revenue cannot be estimated.

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-5-221, a charitable organization is entitled to a property tax exemption for a property held for the purpose of constructing one or more single family dwellings to be conveyed for use as a low-income household. The maximum period of exemption for property held for use for:
 - A single-family home is 18 months; and
 - Subdivision into multiple single-family lots is 18 months plus six months for each additional lot.
- The proposed legislation would increase these periods of exemption to 24 months and 24 months plus six months, respectively.
- The State Board of Equalization, which is staffed by the Office of the Comptroller of the Treasury (COT), processes requests for exemption under Tenn. Code Ann. § 67-5-221.
- According to the COT, the proposed legislation is not expected to result in a significant increase in responsibilities and will have no significant fiscal impact on operations.
- Increasing the period of tax exemption for certain properties may result in a decrease to local revenue.
- However, it is not known which counties would adopt such a resolution, the number of properties that would qualify for the increased exemption period, or the value of such properties; therefore, any permissive decrease to local property tax revenue cannot be estimated.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/mp